

**MAYFIELD TOWNSHIP  
LAPEER, MICHIGAN**

**FINANCIAL REPORT  
WITH ADDITIONAL INFORMATION  
FOR YEAR ENDED JUNE 30, 2008**

**MAYFIELD TOWNSHIP**

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**BROWN & KENT, P.C.**

**Certified Public Accountants**

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## INDEPENDENT AUDITORS' REPORT

To the Board Members  
Mayfield Township  
Lapeer, MI 48446

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mayfield Township (the "Township"), Lapeer, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Mayfield Township, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mayfield Township's basic financial statements. The accompanying other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Brown & Kent, P.C.*

Certified Public Accountants

November 14, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MAYFIELD TOWNSHIP  
LAPEER COUNTY  
LAPEER, MICHIGAN**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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As the Township Board of Mayfield Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Mayfield Township for the fiscal year ended June 30, 2008.

### **Financial Highlights**

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$5,247,175. Of this amount, \$397,155 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of current fiscal year, the Township's governmental funds reported combined ending fund balances of \$502,564, an increase of \$93,693 in comparison with the prior year. Approximately 79.00 percent of the total amount, \$397,155, is available for spending at the Township's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$296,097, or approximately 28.30 percent of total general fund expenditures.
- The Township's total debt decreased by \$108,359, or 17.80 percent, during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The ***Statement of Net Assets*** presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all of a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include general government, public safety, public works, cemetery, and building department operations. The business-type activities of the Township include *an airport*.

The government-wide financial statements can be found on pages 1-3 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Mayfield Township maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue and Fiduciary which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriate budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

**Proprietary funds.** The Township maintains a single proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses an enterprise fund to account for its airport activity.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 11 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-21 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on pages 22-29 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 30-33 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Mayfield Township, assets exceeded liabilities by \$5,247,175, at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets, approximately 88.80 percent, reflects its investment in capital assets, e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following tables show, in a condensed format, the Net Assets of the Township for June 30, 2008.

#### Mayfield Township's Net Assets June 30, 2008

Governmental Activities			
	June 30, 2008	June 30, 2007	Increase / (Decrease)
Current and Other Assets	\$ 518,377	\$ 473,509	\$ 44,868
Capital Assets	446,636	474,242	(27,606)
Total Assets	965,013	947,751	17,262
Long-term Liabilities	167,523	167,523	-
Other Liabilities	15,813	64,638	(48,825)
Total Liabilities	183,336	232,161	(48,825)
Net Assets:			
Invested in Capital Assets Net of Related Debt	279,113	306,719	(27,606)
Restricted	105,409	107,338	(1,929)
Unrestricted	397,155	301,533	95,622
Total Net Assets	\$ 781,677	\$ 715,590	\$ 66,087

### Business-type Activities

	June 30, 2008	June 30, 2007	Increase / (Decrease)
Current and Other Assets	\$ 91,789	\$ 145,335	\$ (53,546)
Capital Assets	4,690,610	4,780,977	(90,367)
<b>Total Assets</b>	<b>4,782,399</b>	<b>4,926,312</b>	<b>(143,913)</b>
Long-term Liabilities	274,897	307,604	(32,707)
Other Liabilities	42,004	68,831	(26,827)
<b>Total Liabilities</b>	<b>316,901</b>	<b>376,435</b>	<b>(59,534)</b>
<b>Net Assets:</b>			
Invested in Capital Assets Net of Related Debt	4,382,691	4,442,100	(59,409)
Restricted	82,807	107,777	(24,970)
Unrestricted	-	-	-
<b>Total Net Assets</b>	<b>\$ 4,465,498</b>	<b>\$ 4,549,877</b>	<b>\$ (84,379)</b>

### Totals

	June 30, 2008	June 30, 2007	Increase / (Decrease)
Current and Other Assets	\$ 610,166	\$ 618,844	\$ (8,678)
Capital Assets	5,137,246	5,255,219	(117,973)
<b>Total Assets</b>	<b>5,747,412</b>	<b>5,874,063</b>	<b>(126,651)</b>
Long-term Liabilities	442,420	475,127	(32,707)
Other Liabilities	57,817	133,469	(75,652)
<b>Total Liabilities</b>	<b>500,237</b>	<b>608,596</b>	<b>(108,359)</b>
<b>Net Assets:</b>			
Invested in Capital Assets Net of Related Debt	4,661,804	4,748,819	(87,015)
Restricted	188,216	215,115	(26,899)
Unrestricted	397,155	301,533	95,622
<b>Total Net Assets</b>	<b>\$ 5,247,175</b>	<b>\$ 5,265,467</b>	<b>\$ (18,292)</b>



The following tables show the changes in the Net Assets during the fiscal year ending June 30, 2008.

**Mayfield Township's Changes in Net Assets  
June 30, 2008**

<b>Governmental Activities</b>			
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 177,150	\$ 170,535	\$ 6,615
General Revenue			
Property Taxes and Collection Fees	417,390	395,897	21,493
State-shared Revenue	524,291	525,101	(810)
Other Revenue	131,534	81,448	50,086
Total Revenue	<u>1,250,365</u>	<u>1,172,981</u>	<u>77,384</u>
Program Expenses			
General Government	430,383	460,769	(30,386)
Public Safety	450,546	440,025	10,521
Public Works	170,133	274,110	(103,977)
Cemetery	50,389	50,525	(136)
Health and Welfare	22,977	22,977	-
Drug Forfeiture	735	750	(15)
Building Department	59,115	78,151	(19,036)
Total Program Expenses	<u>1,184,278</u>	<u>1,327,307</u>	<u>(143,029)</u>
Change in Net Assets	66,087	(154,326)	220,413
Net Assets – Beginning of year	715,590	869,916	(154,326)
Net Assets – End of year	<u>\$ 781,677</u>	<u>\$ 715,590</u>	<u>\$ 66,087</u>

<b>Business-type Activities</b>			
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 133,790	\$ 132,938	\$ 852
Capital Grants and Contributions	22,319	412,551	(390,232)
General Revenue			
Other Revenue	8,378	9,846	(1,468)
Total Revenue	<u>164,487</u>	<u>555,335</u>	<u>(390,848)</u>
Program Expenses			
Airport	248,866	282,588	(33,722)
Total Program Expenses	<u>248,866</u>	<u>282,588</u>	<u>(33,722)</u>
Change in Net Assets	(84,379)	272,747	(357,126)
Net Assets – Beginning of year	4,549,877	4,277,130	272,747
Net Assets – End of year	<u>\$ 4,465,498</u>	<u>\$ 4,549,877</u>	<u>\$ (84,379)</u>

<b>Totals</b>			
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 310,940	\$ 303,473	\$ 7,467
Capital Grants and Contributions	22,319	412,551	(390,232)
General Revenue			
Property Taxes and Collection Fees	417,390	395,897	21,493
State-shared Revenue	524,291	525,101	(810)
Other Revenue	139,912	91,294	48,618
Total Revenue	<u>1,414,852</u>	<u>1,728,316</u>	<u>(313,464)</u>
Program Expenses			
General Government	430,383	460,769	(30,386)
Public Safety	450,546	440,025	10,521
Public Works	170,133	274,110	(103,977)
Cemetery	50,389	50,525	(136)
Health and Welfare	22,977	22,977	-
Drug Forfeiture	735	750	(15)
Building Department	59,115	78,151	(19,036)
Airport	248,866	282,588	(33,722)
Total Program Expenses	<u>1,433,144</u>	<u>1,609,895</u>	<u>(176,751)</u>
Change in Net Assets	(18,292)	118,421	(136,713)
Net Assets – Beginning of year	<u>5,265,467</u>	<u>5,147,046</u>	<u>118,421</u>
Net Assets – End of year	<u>\$ 5,247,175</u>	<u>\$ 5,265,467</u>	<u>\$ (18,292)</u>

A portion of the Township's net assets, 3.50 percent or \$188,216, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$397,155, may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

During the current fiscal year the Township's net assets decreased by \$18,292.

**Governmental activities.** Governmental activities increased the Township's net assets by \$66,087.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy exceptions are; 1) the Township streamlined its daily operations by reducing office hours, resulting in a reduction of approximately 7% in General Government operation costs; and 2) the Township reduced its contribution toward road work (Public Works) by approximately 60%.

**Business-type activities.** Business-type activities decreased the Township's net assets by \$84,379.

This was due, in large part, to the Township's requirement to secure avigation easements over parcels of land adjacent to the DuPont-Lapeer Airport. Due to litigation as to these easements, the Township has experienced increased legal costs, a large portion of which will be reimbursed by Federal and State funding as it becomes available.

## Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported a combined ending fund balance of \$502,564, an increase of \$93,693, in comparison with the prior year. Approximately 79.00 percent of this total amount, \$397,155, is available for spending at the Township's discretion. The remaining portion, \$105,409, is restricted to its use.

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$296,097. Unreserved fund balance represents approximately 28.30 percent of the total current year general fund expenditures.

The fund balance of the Township's General Fund increased by \$73,790, during the current fiscal year.

**Proprietary funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Airport Fund are restricted for use on airport activities. Net assets of the Airport Fund available for spending at the end of the year amounted to \$82,807, a decrease of \$24,970. Overall the net assets of the Airport fund decreased \$84,379. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

## General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The overall budgeted revenues were increased \$64,750 from the original budget to reflect a larger than expected amount from state revenue sharing and small decreases in other areas. The overall budgeted expenditures, including transfers to other funds were decreased \$12,990.

## Capital Asset and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$5,137,246, *net of accumulated depreciation*. This investment in capital assets includes land, buildings, improvements, machinery and equipment. The total decrease in the Township's investment in capital assets for the current fiscal year was 2.20 percent (a 5.80 percent decrease for governmental activities and a 1.89 percent decrease for business-type activities). The decrease in the governmental activities was due entirely to depreciation of the capital assets. The decrease in the business-type activities was due depreciation, which was partially offset with the addition of new equipment.

Details of the Township's capital assets are continued in the notes to the financial statements on pages 18-19.

**Long-term debt.** At the end of the current fiscal year, the Township had total installment debt outstanding of \$475,442.

Additional information on the Township's long-term debt can be found in the notes on pages 19-20.

### **Economic Factors and Next Year's Budgets and Rates**

The current economic climate in our community played a significant role in the development of next year's budget. Mayfield Township anticipates that the current economic trend will continue and will likely result in reductions in state-shared revenue, as well as possible loss of taxable value of real property, due to foreclosures and decreased home values. In addition, the Township continues to experience a considerable decline in residential building and other development, resulting in lower revenue for its planning, zoning, and building operations. As in past years, the Township was again required, by Michigan's Headlee Amendment, to reduce its operating millage rate, resulting in a millage levy of 1.5553 mills. These factors were considered in preparing the Township's budget for the 2008-09 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of Mayfield Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Mayfield Township Clerk, 1900 N. Saginaw Road, Lapeer, MI 48446.

## **BASIC FINANCIAL STATEMENTS**

**MAYFIELD TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 153,143	\$ 88,480	\$ 241,623
Certificates of Deposit	94,549	-	94,549
Investments	93,189	-	93,189
Accounts Receivable - Fire Runs	65,020	-	65,020
Accounts Receivable - State Shared Revenue	82,786	-	82,786
Accounts Receivable - Other	13,420	3,309	16,729
Prepaid Expenditures	16,270	-	16,270
Total Current Assets	518,377	91,789	610,166
<b>Capital Assets</b>			
Land and Improvements, Net of Depreciation	22,374	3,722,297	3,744,671
Building and Improvements, Net of Depreciation	315,787	854,167	1,169,954
Equipment, Net of Depreciation	24,470	114,146	138,616
Municipal Water System, Net of Depreciation	84,005	-	84,005
Total Capital Assets	446,636	4,690,610	5,137,246
<b>TOTAL ASSETS</b>	<b>\$ 965,013</b>	<b>\$ 4,782,399</b>	<b>\$ 5,747,412</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 14,610	\$ 6,861	\$ 21,471
Accrued Payroll	1,203	-	1,203
Deposits Payable	-	1,785	1,785
Unearned Rent	-	336	336
Current Portion of Long-term Debt	-	33,022	33,022
Total Current Liabilities	15,813	42,004	57,817
<b>LONG-TERM DEBT, Net of Current Portion</b>	<b>167,523</b>	<b>274,897</b>	<b>442,420</b>
<b>TOTAL LIABILITIES</b>	<b>183,336</b>	<b>316,901</b>	<b>500,237</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	279,113	4,382,691	4,661,804
Restricted for:			
Permanent Fund - Perpetual Care Fund	105,409	-	105,409
Building Department Operations	-	-	-
Airport Fund Operations	-	82,807	82,807
Unrestricted	397,155	-	397,155
<b>TOTAL NET ASSETS</b>	<b>781,677</b>	<b>4,465,498</b>	<b>5,247,175</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 965,013</b>	<b>\$ 4,782,399</b>	<b>\$ 5,747,412</b>

The accompanying notes are an integral part of the financial statements.

**MAYFIELD TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2008**

	Functions / Programs			
	Governmental Activities			
	General Government	Public Safety	Public Works	Health and Welfare
EXPENSES				
Salaries and Benefits	\$ 264,494	\$ 5,543	\$ -	\$ -
Employment Taxes	16,185	441	-	-
Professional Services	40,301	430,062	-	22,977
Roads	-	-	156,157	-
Recycling	-	-	2,510	-
Street Lights	-	-	8,763	-
Management Fee	-	-	-	-
Interest	-	-	-	-
Bonds and Insurance	-	-	-	-
Depreciation	27,070	536	-	-
Other Program Expenses	82,333	13,964	2,703	-
TOTAL EXPENSES	430,383	450,546	170,133	22,977
PROGRAM REVENUES				
Charges for Services	10,089	79,187	1,817	-
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
NET PROGRAM (EXPENSES) REVENUES	(420,294)	(371,359)	(168,316)	(22,977)
GENERAL REVENUES				
Property Taxes				
Collection Fees				
State Shared Revenue				
Right-of-Way Fee				
Interest Income				
Cable TV Franchise Fee				
Rental Income				
Gain (Loss) on Sale of Capital Assets				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING				
NET ASSETS - ENDING				

The accompanying notes are an integral part of the financial statements.

				Business-type Activities	
Cemetery	Drug Forfeiture	Building Department	Total Governmental	Airport	Total
\$ -	\$ -	\$ 6,372	\$ 276,409	\$ 3,795	\$ 280,204
-	-	484	17,110	290	17,400
43,989	-	51,240	588,569	16,148	604,717
-	-	-	156,157	-	156,157
-	-	-	2,510	-	2,510
-	-	-	8,763	-	8,763
-	-	-	-	25,569	25,569
-	-	-	-	18,163	18,163
-	-	-	-	17,863	17,863
-	-	-	27,606	127,890	155,496
6,400	735	1,019	107,154	39,148	146,302
50,389	735	59,115	1,184,278	248,866	1,433,144
42,751	1,017	42,289	177,150	133,790	310,940
-	-	-	-	-	-
-	-	-	-	22,319	22,319
(7,638)	282	(16,826)	(1,007,128)	(92,757)	(1,099,885)
				358,300	358,300
				59,090	59,090
				524,291	524,291
				7,651	7,651
				16,709	19,770
				68,485	68,485
				29,948	32,603
				-	-
				8,741	11,403
				1,073,215	1,081,593
				66,087	(18,292)
				(84,379)	
				715,590	5,265,467
				4,549,877	
				\$ 781,677	\$ 5,247,175
				\$ 4,465,498	



**MAYFIELD TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 132,109	\$ 21,034	\$ 153,143
Certificates of Deposit	-	94,549	94,549
Investments	320	92,869	93,189
Due from Other Funds	179	-	179
Accounts Receivable	78,440	-	78,440
Accounts Receivable - State Shared Revenue	82,786	-	82,786
Prepaid Expenses	16,270	-	16,270
<b>TOTAL ASSETS</b>	<u><u>\$ 310,104</u></u>	<u><u>\$ 208,452</u></u>	<u><u>\$ 518,556</u></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 12,804	\$ 1,806	\$ 14,610
Accrued Expenses	1,203	-	1,203
Due to Other Funds	-	179	179
<b>TOTAL LIABILITIES</b>	<u><u>14,007</u></u>	<u><u>1,985</u></u>	<u><u>15,992</u></u>
<b>FUND EQUITY</b>			
Fund Balance			
Unreserved - Undesignated	296,097	206,467	502,564
<b>TOTAL FUND EQUITY</b>	<u><u>296,097</u></u>	<u><u>206,467</u></u>	<u><u>502,564</u></u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 310,104</u></u>	<u><u>\$ 208,452</u></u>	<u><u>\$ 518,556</u></u>

The accompanying notes are an integral part of the financial statements.

Reconciliation of Total Governmental Funds Balances to Net  
Assets of Governmental Activities

---

Total Governmental Funds Balances	\$ 502,564
-----------------------------------	------------

Amounts reported for Governmental Activities  
in the Statement of Net Assets are different  
because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	446,636
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(167,523)</u>
--	------------------

Net Assets of Governmental Activities	<u><u>\$ 781,677</u></u>
---------------------------------------	--------------------------

**MAYFIELD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR YEAR ENDED JUNE 30, 2008**

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 417,390	\$ -	\$ 417,390
Licenses and Fees	68,485	-	68,485
Intergovernmental	524,291	-	524,291
Charges for Services	89,749	87,401	177,150
Interest	8,537	8,172	16,709
Rental	29,948	-	29,948
Other Revenue	16,362	30	16,392
TOTAL REVENUES	<u>1,154,762</u>	<u>95,603</u>	<u>1,250,365</u>
EXPENDITURES			
General Government	403,313	-	403,313
Health and Welfare	22,977	-	22,977
Building	-	59,115	59,115
Cemetery	-	50,389	50,389
Public Safety	448,549	2,196	450,745
Public Works	170,133	-	170,133
TOTAL EXPENDITURES	<u>1,044,972</u>	<u>111,700</u>	<u>1,156,672</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>109,790</u>	<u>(16,097)</u>	<u>93,693</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	40,619	40,619
Operating Transfers Out	(36,000)	(4,619)	(40,619)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(36,000)</u>	<u>36,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	73,790	19,903	93,693
FUND BALANCE - BEGINNING	<u>222,307</u>	<u>186,564</u>	<u>408,871</u>
FUND BALANCE - ENDING	<u><u>\$ 296,097</u></u>	<u><u>\$ 206,467</u></u>	<u><u>\$ 502,564</u></u>

The accompanying notes are an integral part of the financial statements.

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities

---

Net change in fund balance -			
Total Governmental Funds		\$	93,693

Amounts reported for Governmental Activities  
in the Statement of Activities are different  
because:

Governmental funds report capital outlays expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			(27,606)
---	--	--	----------

Governmental funds report the proceeds from the sale of Capital Assets. In the Statement of Activities only the gain or loss on the sale of these assets is reported. This is the amount by which the proceeds exceeded the gain or loss in the current period.			-
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Change in Net Assets of Governmental Activities		\$	66,087
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**MAYFIELD TOWNSHIP  
STATEMENT OF NET ASSETS  
ENTERPRISE FUND  
JUNE 30, 2008**

	<u>Airport Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 88,480
Accounts Receivable - Other	<u>3,309</u>
Total Current Assets	91,789
Capital Assets	
Land and Improvements, Net of Depreciation	3,722,297
Building and Improvements, Net of Depreciation	854,167
Equipment, Net of Depreciation	<u>114,146</u>
Total Capital Assets	<u>4,690,610</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,782,399</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 6,861
Deposits Payable	1,785
Unearned Rent	336
Current Portion of Long-term Debt	<u>33,022</u>
Total Current Liabilities	42,004
LONG-TERM DEBT, Net of Current Portion	<u>274,897</u>
<b>TOTAL LIABILITIES</b>	<u>316,901</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	4,382,691
Restricted for:	
Airport Fund Operations	82,807
Unrestricted	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>4,465,498</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 4,782,399</u></u>

The accompanying notes are an integral part of the financial statements.

**MAYFIELD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND NET ASSETS - ENTERPRISE FUND**  
**JUNE 30, 2008**

	<u>Airport Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 133,790
Rental Income	2,655
Other Income	<u>2,662</u>
TOTAL OPERATING REVENUES	<u>139,107</u>
OPERATING EXPENSES	
Bonds and Insurance	17,863
Depreciation	127,890
Legal and Professional Fees	16,148
Licenses and Permits	510
Management Fees	25,569
Miscellaneous	2,241
Other	1,927
Repairs and Maintenance	26,433
Salaries and Wages	3,795
Taxes - Payroll	290
Utilities	<u>8,037</u>
TOTAL OPERATING EXPENSES	<u>230,703</u>
NET OPERATING INCOME (LOSS)	(91,596)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	3,061
Interest Expense	<u>(18,163)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(15,102)</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	(106,698)
CAPITAL GRANTS AND CONTRIBUTIONS	<u>22,319</u>
NET INCOME (LOSS) / CHANGE IN NET ASSETS	(84,379)
NET ASSETS - BEGINNING	<u>4,549,877</u>
NET ASSETS - ENDING	<u><u>\$ 4,465,498</u></u>

The accompanying notes are an integral part of the financial statements.

**MAYFIELD TOWNSHIP  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR YEAR ENDED JUNE 30, 2008**

	<u>Airport Fund</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 129,802
Other Operating Revenues	5,317
Payments to Suppliers	<u>(130,710)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>4,409</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contribution from State of MI for Legal Fees paid	-
Payments of Long-term Debt	(30,958)
Interest Paid	<u>(18,163)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(49,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Capital Assets	(15,204)
Interest Income	<u>3,061</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(12,143)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,855)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>145,335</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 88,480</u></u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ (91,596)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	127,890
Accounts Receivable Increase (Decrease)	(3,309)
Unearned Rent Increase (Decrease)	(679)
Payable Increase (Decrease)	<u>(27,897)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 4,409</u></u>
NON-CASH INVESTING ACTIVITIES	
Assets acquired through Contributions	<u><u>\$ 22,319</u></u>

The accompanying notes are an integral part of the financial statements.

**MAYFIELD TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2008**

	Agency	
	Trust and Agency	Current Tax Fund
ASSETS		
Cash in Bank		
Demand Deposits	\$ 1,300	\$ -
Investments	-	-
TOTAL ASSETS	<u>\$ 1,300</u>	<u>\$ -</u>
LIABILITIES		
Deposits Payable	\$ 1,300	\$ -
Due to Others	-	-
TOTAL LIABILITIES	<u>1,300</u>	<u>-</u>
NET ASSETS	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.



## **NOTES TO THE FINANCIAL STATEMENTS**

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Mayfield Township (the "Township"), conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Township are described below.

**A. REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes providing police protection, fire services, road maintenance and repairs, cemeteries, and planning and zoning. The Board of Trustees and the Township Administrator have direct responsibility for these activities.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority or the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organizations. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes, or determines the budget.

Based on the aforementioned criteria, Mayfield Township has no component units.

**B. BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include; (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**FUND FINANCIAL STATEMENTS**

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. BASIS OF PRESENTATION** (Continued)

**FUND FINANCIAL STATEMENTS** (Continued)

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Township has presented the following major governmental fund.

General Fund – The General Fund is the general operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Township has presented the following major enterprise (business-type) fund.

Airport Fund – The Airport Fund is used to account for all financial resources and expenditures of the Township airport.

Additionally, the Township has two agency fiduciary funds as follows:

Trust and Agency Fund – This fund is used to account for the collection and disbursement of performance and other deposits payable.

Tax Collection Fund – This fund is used to account for the collection and disbursement of property taxes assessed within the Township.

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the statement of activities presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(2) **MEASUREMENT FOCUS/BASIS OF ACCOUNTING** (Continued)

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the Township are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

Enterprise funds distinguish operating revenue and expense from non-operating items. Operating revenue and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of our Enterprise Fund relates to charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

The Township Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the beginning of the fiscal year, the Board proposes an operating budget for each budgetary fund. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statute requires that the budget be submitted in summary form. Also, more detailed line item budgets are included for administrative control.
- (3) A public hearing is conducted to obtain taxpayer comment.
- (3) The budgets are adopted by a majority vote of the Township Board.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- (5) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Amendments to the Budget are approved by the Township Board, as necessary.

**E. CASH EQUIVALENTS**

The Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**F. INVESTMENTS**

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations.

H. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated Assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$500 or more for equipment and \$5,000 or more for non-equipment, and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Governmental

Buildings and Improvements	5-50 years
Equipment	5-20 years
Vehicles	5 years
Municipal Water System	50 years

Enterprise

Buildings and Improvements	20-50 years
Equipment	7-10 years
Land Improvements	25-50 years

I. NET ASSETS

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

J. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds."

K. USE OF ESTIMATES

The preparation of basic financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2008**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business- type Activities	Fiduciary – Trust and Agency Funds
Cash and Cash Equivalents			
Demand Deposits	\$ 139,480	\$ -	\$ 1,300
Savings Deposits	13,346	88,480	-
Petty Cash	317	-	-
Total Cash and Cash Equivalents	153,143	88,480	1,300
 Certificates of Deposit	 94,549	 -	 -
 Investments			
Comerica J-Fund	93,189	-	-
Total Investments	93,189	-	-
Total Cash and Investments	\$ 340,881	\$ 88,480	\$ 1,300

The bank balance of the primary government's deposits is \$456,989, of which \$355,905 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

**CREDIT RISK**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

At year end, the investments were reported in the basic financial statements in the following categories:

Investment	Fair Value	Rating	Rating Organization
Comerica – J Fund	\$ 93,189	Not Rated	N/A

**CUSTODIAL CREDIT RISK – BANK DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year-end \$7,895 of the Township's bank balance (demand, savings and certificates of deposit) of \$363,800 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2008**

**CUSTODIAL CREDIT RISK – INVESTMENTS**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Township does not have a policy for investment custodial credit risk.

**INTEREST RATE RISK**

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The Township minimizes this risk by investing in liquid asset funds, money market mutual funds, shorter-term securities and similar investment pools and limiting the average maturity in accordance with the Township's investment policy.

**CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township minimizes this risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**FOREIGN CURRENCY RISK**

The Township is not authorized to invest in investments which have this type of risk.

**NOTE 3 – INTERFUND TRANSACTIONS**

**Operating Transfers**

Operating transfers constitute the transfer of resources from the fund that received the resources to the fund that utilized them. The interfund transfers are as follows:

<u>Fund</u>	<u>Operating Transfer In</u>	<u>Fund</u>	<u>Operating Transfer Out</u>
Special Revenue			
Cemetery Operating Fund	\$ 8,619	General Fund	\$ 36,000
Revolving Improvement Fund	20,000	Permanent Fund	
Building Department Fund	12,000	Perpetual Care Fund	4,619
Total	<u>\$ 40,619</u>	Total	<u>\$ 40,619</u>

**Interfund Receivables/Payables**

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General Fund	\$ 179	Special Revenue Fund	
		Crossing Guard	\$ 179
Total	<u>\$ 179</u>	Total	<u>\$ 179</u>

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2008**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2008, was as follows:

	Balance 7-01-07	Additions	Deletions	Balance 6-30-08
Capital Assets Not Being Depreciated				
Land	\$ 22,374	\$ -	\$ -	\$ 22,374
Total Capital Assets Not Being Depreciated	22,374	-	-	22,374
Capital Assets Being Depreciated				
Building and Improvements	593,110	-	-	593,110
Equipment	124,510	-	-	124,510
Municipal Water System	170,858	-	-	170,858
Total Capital Assets Being Depreciated	888,478	-	-	888,478
Less Accumulated Depreciation For:				
Building and Improvements	261,586	15,737	-	277,323
Equipment	91,588	8,452	-	100,040
Municipal Water System	83,436	3,417	-	86,853
Total Accumulated Depreciation	436,610	27,606	-	464,216
Total Capital Assets Being Depreciated, Net	451,868	(27,606)	-	424,262
Total Governmental Activity Assets, Net	<u>\$ 474,242</u>	<u>\$ (27,606)</u>	<u>\$ -</u>	<u>\$ 446,636</u>

Capital asset activity for business-type activities for the year ended June 30, 2008, was as follows:

	Balance 7-01-07	Additions	Deletions	Balance 6-30-08
Capital Assets Not Being Depreciated				
Land	\$ 2,304,213	\$ -	\$ -	\$ 2,304,213
Total Capital Assets Not Being Depreciated	2,304,213	-	-	2,304,213
Capital Assets Being Depreciated				
Building and Improvements	1,097,314	37,523	-	1,134,837
Equipment	221,871	-	-	221,871
Land Improvements	1,771,956	-	-	1,771,956
Total Capital Assets Being Depreciated	3,091,141	37,523	-	3,128,664
Less Accumulated Depreciation For:				
Building and Improvements	250,560	30,110	-	280,670
Equipment	88,596	19,129	-	107,725
Land Improvements	275,221	78,651	-	353,872
Total Accumulated Depreciation	614,377	127,890	-	742,267
Total Capital Assets Being Depreciated, Net	2,476,764	(90,367)	-	2,386,397
Total Business-type Activity Assets, Net	<u>\$ 4,780,977</u>	<u>\$ (90,367)</u>	<u>\$ -</u>	<u>\$ 4,690,610</u>



**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2008**

**NOTE 4 – CAPITAL ASSETS** (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 27,070
Public Safety	<u>536</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 27,606</u>
Business-type Activities:	
Airport Fund	<u>\$ 127,890</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 127,890</u>

**NOTE 5 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2008:

	Interest Rate	Maturing	Balance 7/1/07	Proceeds	Payments	Outstanding 6/30/08
Governmental Activities:						
Kamax, L.P. Contract						
Issued 6/10/80	N/A	N/A	<u>\$ 167,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,523</u>
Business-Type Activities:						
Independent Bank #9001						
Issued 12/2/98	5.4%	12/02/13	\$ 70,570	\$ -	\$ 9,281	\$ 61,289
Independent Bank #9002						
Issued 1/4/99	5.4%	01/02/14	77,293	-	10,231	67,062
Independent Bank #9003						
Issued 1/14/99	5.4%	01/02/14	20,349	-	2,792	17,557
Independent Bank #0004						
Issued 2/24/99	5.4%	02/24/13	5,506	-	786	4,720
Independent Bank #9004						
Issued 11/9/00	5.6%	12/02/15	62,874	-	3,125	59,749
Independent Bank #9005						
Issued 1/2/01	5.6%	02/02/16	77,549	-	3,827	73,722
Independent Bank #9006						
Issued 1/2/01	5.6%	01/02/16	<u>24,736</u>	<u>-</u>	<u>916</u>	<u>23,820</u>
			338,877	-	30,958	307,919
Less Current Portion						<u>33,022</u>
Total Business-type Activities						<u>274,897</u>
Total Government-wide						<u>\$ 442,420</u>

The Kamax, L.P., contract was entered into for the construction of a municipal water system. The contract is to be repaid at such time as tap-in fees and water use fees are sufficient to cover the normal costs of operations and generate a surplus. Presently, the sole user of the system is Kamax, L.P., and they are charged only for actual costs incurred.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2008**

**NOTE 5 – LONG-TERM DEBT** (Continued)

Total principal and interest payment requirements for the next five years and beyond are as follows:

Year Ended June 30	Principal	Interest	Total
2009	\$ 33,022	\$ 16,099	\$ 49,121
2010	34,867	14,254	49,121
2011	36,817	12,304	49,121
2012	38,875	10,246	49,121
2013	41,048	8,073	49,121
Thereafter	123,290	13,920	137,210
Total	<u>\$ 307,919</u>	<u>\$ 74,896</u>	<u>\$ 382,815</u>

**NOTE 6 – PROPERTY TAXES**

The Township's property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2007 tax is levied and collectible on December 1, 2007, and is recognized as revenue in the year ended June 30, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2007 taxable valuation of the Township totaled approximately \$227,500,000 on which taxes levied consisted of 1.5553 mills for operating purposes. This resulted in approximately \$353,800 for operating purposes. These amounts were recognized in the General Fund financial statements as tax revenue. An additional \$4,500 was collected for delinquent taxes and trailer tenant fees.

**NOTE 7 – PENSION PLAN**

The Township makes annual contributions to the Manulife Financial Defined Contribution Plan for Governmental Employees for all eligible employees.

The Township contributed \$39,330 to the plan for the year ended June 30, 2008.

**NOTE 8 – FIRE DEPARTMENT CONTRACT**

The City of Lapeer provides fire department services to Mayfield Township. The City of Lapeer was paid a standby fee of \$168,508 for the period from July 1, 2007 through June 30, 2008.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2008**

**NOTE 9 – RELATED PARTY TRANSACTION**

The Township has entered into a contract with Davis and Sons Landscaping (owned and operated by the son of the Township Clerk, Kendra Davis) covering the maintenance and operation of the Township hall; summer and winter grounds maintenance for the three year period beginning March 16, 2003 and ending March 15, 2006, and the maintenance and operation of the cemetery summer and winter grounds maintenance for the three year period beginning April 1, 2003 and ending March 31, 2006. This contract remains in effect unless terminated by either party. So long as this contract continues in effect, the contract amount shall be adjusted on March 31 of each year. The adjustment shall be a percentage amount determined by the State of Michigan for increases in taxable value for property taxation purposes. The annual payments for the fiscal year July 1, 2007 through June 30, 2008 were \$7,938 for the Township hall and \$43,989 for the Cemetery. These represent increases of 3.7% over the prior fiscal year.

**NOTE 10 – CAPITAL GRANTS**

The Township, from time to time, receives grants from State and Federal governments. The grants in the current fiscal year were for equipment needed for operation of the airport and for the payment of attorney fees relating to the purchase of avigation easements. These grants do not require an audit of expenditures, as the money is paid directly to the suppliers and contractors providing the equipment and services.

**NOTE 11 – RISK MANAGEMENT**

The Township has exposure to risks of loss due to torts, errors, omissions, and property loss. The Township manages these risks by purchasing commercial insurance.

**NOTE 12 – CONTINGENCIES**

The Township continuously prosecutes certain District Court ordinance enforcement matters. These District Court matters do not involve costs to the Township beyond prosecution expenses.

The Township is the plaintiff in four circuit court condemnation cases. All four property easements are being acquired to facilitate the runways at the Township airport. All costs, including compensation and legal fees, are being paid by airport grant funds. The Township has no liability.

**NOTE 13 – DEFICIT FUND BALANCE**

The Building Department Fund had a deficit fund balance as of June 30, 2008 of \$617. This deficit will be financed through a transfer from the General Fund.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property Taxes	\$ 343,200	\$ 343,200	\$ 358,305	\$ 15,105
Collection Fees and Penalties	52,300	52,300	59,085	6,785
TOTAL TAXES	395,500	395,500	417,390	21,890
LICENSES, PERMITS AND FEES				
Franchise Fees	30,000	30,000	68,485	38,485
TOTAL LICENSES, PERMITS AND FEES	30,000	30,000	68,485	38,485
INTERGOVERNMENTAL				
State Revenue Sharing	450,000	520,000	524,291	4,291
TOTAL INTERGOVERNMENTAL	450,000	520,000	524,291	4,291
CHARGES FOR SERVICES				
Board of Appeals Fees	1,050	250	250	-
Fines and Forfeits	4,000	2,800	2,879	79
Fire Fines	40,000	40,000	69,122	29,122
Liquor Licenses	2,000	1,900	1,907	7
Parcel Split Fees	1,000	750	790	40
Penalty and Interest - Delinquent Tax	400	400	1,117	717
Property Transfers	6,500	6,500	6,521	21
Rezoning Fees	850	850	850	-
Sale of Materials and Duplicating	300	100	376	276
Special Meetings	3,000	2,000	2,075	75
Water Line	3,500	1,800	1,817	17
Zoning Permits and Fees	2,000	2,000	2,045	45
TOTAL CHARGES FOR SERVICES	64,600	59,350	89,749	30,399
MISCELLANEOUS SOURCES				
Hall and Land Rental	26,500	26,500	29,948	3,448
Interest Earned	8,000	8,000	8,537	537
Other Revenue	10,000	10,000	16,362	6,362
Sale of Fixed Assets	-	-	-	-
TOTAL MISCELLANEOUS SOURCES	44,500	44,500	54,847	10,347
TOTAL REVENUES	984,600	1,049,350	1,154,762	105,412

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
LEGISLATIVE				
Salaries and Wages	\$ 10,320	\$ 10,320	\$ 10,320	\$ -
Per Diem	1,000	1,000	620	380
Fringe Benefits	1,754	1,754	1,204	550
F.I.C.A. Expense	866	866	837	29
Office Supplies	100	100	-	100
Transportation	150	150	96	54
TOTAL LEGISLATIVE	14,190	14,190	13,077	1,113
SUPERVISOR				
Salaries and Wages	28,940	28,940	28,940	-
Per Diem	100	100	-	100
Fringe Benefits	4,920	4,920	4,920	-
F.I.C.A. Expense	2,222	2,222	2,214	8
Office Supplies	100	100	-	100
Computer Software and Upgrades	500	500	39	461
Transportation	200	200	15	185
TOTAL SUPERVISOR	36,982	36,982	36,128	854
ELECTIONS				
Salaries and Wages	7,500	7,500	6,692	808
F.I.C.A. Expense	115	115	83	32
Office Supplies	4,000	1,000	421	579
Computer Software and Upgrades	-	-	592	(592)
Printing and Publishing	500	500	41	459
TOTAL ELECTIONS	12,115	9,115	7,829	1,286
AUDITOR				
Audit	7,500	7,600	7,595	5
TOTAL AUDITOR	7,500	7,600	7,595	5
ASSESSOR				
Salaries and Wages	21,070	21,070	21,070	-
Fringe Benefits	3,582	3,582	2,311	1,271
F.I.C.A. Expense	1,612	1,612	1,612	-
Office Supplies	2,000	2,000	1,409	591
Computer Software and Upgrades	1,000	1,000	53	947
Software Support and Maintenance	1,000	1,000	800	200
Contractual Services	15,000	15,000	15,000	-

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
ASSESSOR (Continued)				
Transportation	\$ 150	\$ 150	\$ 44	\$ 106
Equipment	250	250	-	250
TOTAL ASSESSOR	45,664	45,664	42,299	3,365
ATTORNEY				
Professional Services	15,000	15,000	9,768	5,232
TOTAL ATTORNEY	15,000	15,000	9,768	5,232
CLERK				
Salaries and Wages	39,900	39,900	39,900	-
Per Diem	200	200	30	170
Fringe Benefits	6,783	6,783	3,913	2,870
F.I.C.A. Expense	3,068	3,068	3,055	13
Office Supplies	10,000	10,000	10,989	(989)
Computer Software and Upgrades	1,000	1,000	39	961
Software Support and Maintenance	2,500	2,500	2,328	172
Transportation	200	200	130	70
Equipment	200	200	30	170
TOTAL CLERK	63,851	63,851	60,414	3,437
DEPUTY CLERK				
Salaries and Wages	15,000	15,000	11,658	3,342
Per Diem	100	100	50	50
F.I.C.A. Expense	1,155	1,155	909	246
Computer Software and Upgrades	-	-	39	(39)
Transportation	200	200	53	147
Equipment	200	200	-	200
TOTAL DEPUTY CLERK	16,655	16,655	12,709	3,946
BOARD OF REVIEW				
Salaries and Wages	1,000	1,000	890	110
Per Diem	90	90	30	60
F.I.C.A. Expense	83	83	70	13
Printing and Binding	100	100	90	10
TOTAL BOARD OF REVIEW	1,273	1,273	1,080	193

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TREASURER				
Salaries and Wages	\$ 31,920	\$ 31,920	\$ 31,920	\$ -
Per Diem	100	100	-	100
Fringe Benefits	5,426	5,426	3,972	1,454
F.I.C.A. Expense	3,000	3,000	2,745	255
Office Supplies	600	600	262	338
Computer Software and Upgrades	250	250	53	197
Software Support and Maintenance	1,100	1,100	1,065	35
Tax Roll Preparation	300	300	215	85
Transportation	100	100	274	(174)
Refunds and Rebates	500	500	175	325
Equipment	500	500	26	474
TOTAL TREASURER	43,796	43,796	40,707	3,089
DEPUTY TREASURER				
Salaries and Wages	12,000	12,000	11,255	745
Per Diem	-	-	50	(50)
F.I.C.A. Expense	918	918	868	50
Office Supplies	50	50	-	50
Computer Software and Upgrades	350	350	28	322
Transportation	600	600	279	321
Equipment	300	300	54	246
TOTAL DEPUTY TREASURER	14,218	14,218	12,534	1,684
TOWNSHIP HALL AND GROUNDS				
Salaries and Wages	10,000	10,000	11,681	(1,681)
F.I.C.A. Expense	765	765	895	(130)
Computer Software and Upgrades	1,000	1,000	39	961
Software Support and Maintenance	500	-	-	-
Operating and Maintenance Supplies	7,000	7,000	6,426	574
Contractual Services	8,000	8,000	7,938	62
Telephone	3,300	3,300	3,941	(641)
Burglar Alarm Fee	300	300	156	144
Internet Service	1,000	1,000	923	77
Printing and Publishing	3,000	1,000	1,344	(344)
Newsletter and Website	1,000	1,000	1,571	(571)
Bonds and Insurance	18,000	13,000	12,336	664
Utilities	10,000	10,000	11,080	(1,080)
Garbage Disposal	1,200	1,200	1,354	(154)

See Accompanying Notes.



**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TOWNSHIP HALL AND GROUNDS (Continued)				
Grounds Repair and Maintenance	\$ 2,500	\$ 3,000	\$ 4,038	\$ (1,038)
Equipment Repair and Maintenance	1,000	1,000	150	850
Office Equipment - Leased	2,600	2,600	3,216	(616)
Building Repair and Maintenance	1,500	1,500	957	543
Land Improvements	4,500	4,500	4,423	77
Equipment	2,500	500	8	492
TOTAL TOWNSHIP HALL AND GROUNDS	79,665	70,665	72,476	(1,811)
GENERAL OFFICE				
Salaries and Wages	30,000	30,000	29,552	448
Fringe Benefits	3,200	3,200	2,879	321
F.I.C.A. Taxes	2,700	2,700	2,467	233
Computer Software and Upgrades	-	-	67	(67)
Transportation	100	100	-	100
Meals and Lodging	2,000	2,000	1,036	964
Miscellaneous	1,000	1,000	558	442
Dues	5,500	5,500	5,943	(443)
Education and Training	1,000	1,000	50	950
Conferences and Conventions	2,000	2,000	964	1,036
Bonds and Insurance	4,500	4,800	3,851	949
Equipment	1,500	1,500	-	1,500
Pension Expense	40,000	40,000	39,330	670
TOTAL GENERAL OFFICE	93,500	93,800	86,697	7,103
TOTAL GENERAL GOVERNMENT	444,409	432,809	403,313	29,496
PUBLIC SAFETY				
LAW ENFORCEMENT				
Office Supplies	100	100	-	100
Operating and Maintenance Supplies	100	100	-	100
Gas Usage - Patrol Car	12,000	12,000	13,240	(1,240)
Contractual Services	231,000	229,000	221,376	7,624
Equipment - Leased	-	-	15	(15)
Equipment	500	500	-	500
TOTAL LAW ENFORCEMENT	243,700	241,700	234,631	7,069

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
FIRE SERVICE				
Contractual Services	\$ 169,000	\$ 169,000	\$ 168,508	\$ 492
Hazardous Material	1,500	1,500	-	1,500
TOTAL FIRE SERVICE	170,500	170,500	168,508	1,992
PLANNING				
Salaries and Wages	6,449	6,449	5,097	1,352
Per Diem	150	150	20	130
F.I.C.A. Expense	500	500	413	87
Office Supplies	150	150	-	150
Computer Software and Upgrades	-	-	28	(28)
Contractual Services	1,000	1,000	-	1,000
Attorney Fees	6,652	6,652	4,800	1,852
Zoning Administrator	33,184	33,184	33,184	-
Transportation	100	100	-	100
Printing and Publishing	1,961	1,961	160	1,801
Miscellaneous	100	100	-	100
Education and Training	250	250	240	10
Conferences and Conventions	500	500	-	500
Equipment	500	500	-	500
TOTAL PLANNING	51,496	51,496	43,942	7,554
BOARD OF APPEALS				
Salaries and Wages	-	-	377	(377)
Per Diem	2,000	500	50	450
F.I.C.A. Expense	250	50	28	22
Miscellaneous	172	72	-	72
Printing and Publishing	100	-	204	(204)
Education and Training	500	250	75	175
Conferences and Conventions	300	150	-	150
TOTAL BOARD OF APPEALS	3,322	1,022	734	288
CROSSING GUARDS				
Contractual Services	500	500	734	(234)
TOTAL CROSSING GUARDS	500	500	734	(234)
TOTAL PUBLIC SAFETY	469,518	465,218	448,549	16,669

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
PUBLIC WORKS				
Drains	\$ 2,500	\$ 1,200	\$ 1,120	\$ 80
Highways, Streets and Bridges	150,000	200,200	156,157	44,043
Street Lighting	10,000	10,000	8,763	1,237
Recycling	2,500	2,510	2,510	-
Dupont Water Line	3,800	800	1,583	(783)
TOTAL PUBLIC WORKS	<u>168,800</u>	<u>214,710</u>	<u>170,133</u>	<u>44,577</u>
HEALTH AND WELFARE				
Ambulance	<u>22,977</u>	<u>22,977</u>	<u>22,977</u>	<u>-</u>
TOTAL HEALTH AND WELFARE	<u>22,977</u>	<u>22,977</u>	<u>22,977</u>	<u>-</u>
CONTINGENCIES	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,145,704</u>	<u>1,135,714</u>	<u>1,044,972</u>	<u>90,742</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(161,104)</u>	<u>(86,364)</u>	<u>109,790</u>	<u>196,154</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(40,000)</u>	<u>(37,000)</u>	<u>(36,000)</u>	<u>1,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(40,000)</u>	<u>(37,000)</u>	<u>(36,000)</u>	<u>1,000</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (201,104)</u>	<u>\$ (123,364)</u>	<u>73,790</u>	<u>\$ 197,154</u>
FUND BALANCE - BEGINNING			<u>222,307</u>	
FUND BALANCE - ENDING			<u>\$ 296,097</u>	

See Accompanying Notes.

## **NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

**MAYFIELD TOWNSHIP**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR YEAR ENDED JUNE 30, 2008**

**BUDGETARY INFORMATION**

The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board.

The budget has been prepared in accordance with generally accepted accounting principles for the General Fund and all Special Revenue Funds.

The budget has been adopted on a cost center basis; expenditures at this level, in excess of amounts budgeted, are a violation of Michigan Law. Comparison of actual results of operations to the budgets of the General Fund and Major Special Revenue Funds, as adopted by the Township Board, are included in the Required Supplemental Information of the basic financial statements. A comparison of the actual results of operations to the Non-major Special Revenue Funds budgets, as adopted by the Township, is included in the Other Supplemental Information section of the financial statements.

**EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS**

The Township had expenditure budget overruns as follows:

<u>Fund and Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government			
Township Hall & Grounds	\$ 70,665	\$ 72,476	\$ (1,811)
Public Safety			
Crossing Guards	\$ 500	\$ 734	\$ (234)

## **OTHER SUPPLEMENTAL INFORMATION**

**MAYFIELD TOWNSHIP  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	Special Revenue Funds			
	Crossing Guard Fund	Disaster Contingency Fund	Drug Law Enforcement Fund	Revolving Improvement Fund
<b>ASSETS</b>				
Cash in Bank				
Demand Deposits	\$ 2,895	\$ 20	\$ 903	\$ -
Certificates of Deposit	-	-	-	-
Investments	-	-	-	92,869
<b>TOTAL ASSETS</b>	<u>\$ 2,895</u>	<u>\$ 20</u>	<u>\$ 903</u>	<u>\$ 92,869</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 860	\$ -	\$ -	\$ -
Accrued Payroll	-	-	-	-
Due to General Fund	179	-	-	-
<b>TOTAL LIABILITIES</b>	<u>1,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>				
Fund Balance				
Unreserved - Undesignated	1,856	20	903	92,869
<b>TOTAL FUND EQUITY</b>	<u>1,856</u>	<u>20</u>	<u>903</u>	<u>92,869</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,895</u>	<u>\$ 20</u>	<u>\$ 903</u>	<u>\$ 92,869</u>

See Accompanying Notes.

			Permanent Fund	
Building Fund	Cemetery Operating Fund	Expendable Cemetery Trust Fund	Cemetery Perpetual Care Fund	Total Non-major Governmental Funds
\$ 325	\$ 3,545	\$ 2,486	\$ 10,860	\$ 21,034
-	-	-	94,549	94,549
-	-	-	-	92,869
<u>\$ 325</u>	<u>\$ 3,545</u>	<u>\$ 2,486</u>	<u>\$ 105,409</u>	<u>\$ 208,452</u>
\$ 942	\$ 4	\$ -	\$ -	\$ 1,806
-	-	-	-	-
-	-	-	-	179
<u>942</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>1,985</u>
(617)	3,541	2,486	105,409	206,467
<u>(617)</u>	<u>3,541</u>	<u>2,486</u>	<u>105,409</u>	<u>206,467</u>
<u>\$ 325</u>	<u>\$ 3,545</u>	<u>\$ 2,486</u>	<u>105,409</u>	<u>208,452</u>



**MAYFIELD TOWNSHIP**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	Special Revenue Funds			
	Crossing Guard Fund	Disaster Contingency Fund	Drug Law Enforcement Fund	Revolving Improvement Fund
REVENUES				
Charges for Services	\$ 1,344	\$ -	\$ 1,017	\$ -
Interest	-	-	-	2,783
Other Revenue	-	-	-	-
TOTAL REVENUES	<u>1,344</u>	<u>-</u>	<u>1,017</u>	<u>2,783</u>
EXPENDITURES				
General Government	-	-	-	-
Building	-	-	-	-
Cemetery	-	-	-	-
Public Safety	1,461	-	735	-
TOTAL EXPENDITURES	<u>1,461</u>	<u>-</u>	<u>735</u>	<u>-</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(117)</u>	<u>-</u>	<u>282</u>	<u>2,783</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	20,000
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(117)</u>	<u>-</u>	<u>282</u>	<u>22,783</u>
FUND BALANCE - BEGINNING	<u>1,973</u>	<u>20</u>	<u>621</u>	<u>70,086</u>
FUND BALANCE - ENDING	<u>\$ 1,856</u>	<u>\$ 20</u>	<u>\$ 903</u>	<u>\$ 92,869</u>

See Accompanying Notes.

			Permanent Fund	
Building Fund	Cemetery Operating Fund	Expendable Cemetery Trust Fund	Cemetery Perpetual Care Fund	Total Non-major Governmental Funds
\$ 42,289	\$ 40,471	\$ -	\$ 2,280	\$ 87,401
-	-	5,389	-	8,172
-	30	-	-	30
<u>42,289</u>	<u>40,501</u>	<u>5,389</u>	<u>2,280</u>	<u>95,603</u>
-	-	-	-	-
59,115	-	-	-	59,115
-	50,389	-	-	50,389
-	-	-	-	2,196
<u>59,115</u>	<u>50,389</u>	<u>-</u>	<u>-</u>	<u>111,700</u>
(16,826)	(9,888)	5,389	2,280	(16,097)
12,000	8,619	-	-	40,619
-	-	(4,619)	-	(4,619)
<u>12,000</u>	<u>8,619</u>	<u>(4,619)</u>	<u>-</u>	<u>36,000</u>
(4,826)	(1,269)	770	2,280	19,903
<u>4,209</u>	<u>4,810</u>	<u>1,716</u>	<u>103,129</u>	<u>186,564</u>
<u>\$ (617)</u>	<u>\$ 3,541</u>	<u>\$ 2,486</u>	<u>\$ 105,409</u>	<u>\$ 206,467</u>

To the Board Members  
Mayfield Township  
Lapeer, MI 48446

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mayfield Township (the "Township"), as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that we consider to be material weaknesses.

We consider the following deficiencies to be material weaknesses:

*Lack of controls to determine and record accrual adjustments.*

During the audit, we generally provide significant assistance in identifying and proposing accrual adjustments to the accounting records. Accruals represent any adjustments other than cash that impact the accounting records (capital assets [including the recording of additions, depreciation expense and disposals], accounts payable, etc.). We are pleased to assist in this process since our staff of auditors have the expertise in accrual adjustments and can generally assist in an effective manner. However, we bring this to your attention since it meets the above definition of a matter to be communicated to those charged with governance.

This is a repeated comment from our letter dated December 5, 2007. We expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate that as required by professional standards.

We consider the following deficiency to be a significant deficiency in internal control:

*Lack of adequate controls to produce full-disclosure GAAP financial statements.*

*Requirement:* All Michigan governmental units are required to prepare financial statements in accordance with generally accept accounting principles (GAAP). This is the responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

*Condition:* The Township, as is common with smaller and medium-sized entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

*Effect:* The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

This is a repeated comment from our letter dated December 5, 2007. We would expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate that as required by professional standards.

This communication is intended solely for the information and use of management, the Board, and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Board for the opportunity to serve as auditors for Mayfield Township. Please contact us, if you have any questions regarding these or any other matters.

Sincerely,

*Brown & Kent, P.C.*

Certified Public Accountants

November 14, 2008

November 14, 2008

To the Board Members  
Mayfield Township  
1900 N. Saginaw Street  
Lapeer, MI 48446

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mayfield Township for the year ended June 30, 2008, and have issued our report thereon dated November 14, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 15, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Mayfield Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 14, 2008.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board and management of Mayfield Township and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Brown & Kent, P.C.*

Certified Public Accountants